GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3014
ANSWERED ON:07.12.2001
WHOLE SALE PRICE INDEX
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Will the Minister of FINANCE be pleased to state:

(a) Whether the Whole Sale Price Index and Consumer Price Index have constantly decreased during the last few months;

(a) if so, the extent of decrease registered during each of the last six months till October 2001;

(b) whether while calculating the Whole Sale Price Index , theConsumer Price Index (Industrial Workers) and Consumer Price (Agricultural Workers) similar articles are not taken into account uniformly; and

(c) if so, the reasons therefor and the steps taken by the Government to make changes in the method of calculating of Wholesale Price Index and Consumer Price Index ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) The Wholesale Price Index (WPI) and the three Consumer Price Indices for Industrial workers (CPIIW), Agricultural labourer (CPIAL) and urban non manual employees (CPIUNME) registered a modest increase over the last six months asindicated in Table below. However, CPIAL and CPIUNME declined marginally in September 2001 over August 2001.

Table

Wholesale & Consumer Price Index

2001	WPI+	CPIIW	CPIAL	CPIUNME
Apr	160.0	448	301	379
May	160.3	451	303	382
Jun	160.8	457	306	386
Jul	161.2	463	309	391
Aug	161.7	466	312	393
Sep	161.9	465	311	392
Oct	162.5	468	na	na

+ - average of weeks.
na - not available.

(c) The WPI and the CPI differ in their scope and coverage.While WPI computed on base 1993-94 monitors wholesale pricesof 435 commodities distributed between primary, manufactured and fuel product groups, the CPI measures changes in the level of retail prices of selected goods on which consumers of a defined group spend their income. WPI and the CPI differsubstantially in the coverage of their commodity baskets. For example, the weight of primary commodities that include various food items is only 22.03 percent in the WPI, whilein case of CPI(IW) food items alone constitute 57% of the total weight in the index. Hence CPI is far more sensitive to changes in prices of essential commodities including food items than the WPI.

(d) With a view to reflecting adequately the changes that have taken place in the economy since 1981-82, a new WPI series on base 1993-94 was introduced with effect from April 1, 2000. This series has attempted to do away with the methodological lacunae existing in the older series. Since the current WPI series has been introduced fairlyrecently, there is no proposal for modifying the methodology at this stage.

The CPIAL has also been revised in 1995 while efforts are on for revising the Consumer Price Indices for Industrial Workers and Urban non manual employees.